FACTS FOR THE PEOPLE.

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HIGHLY IMPORTANT

LETTERS ON THE CURRENCY:

FROM DISTINGUISHED AMERICAN STATESMEN.

During the sitting of the last 8th of January State Convention of Ohio, the Democratic Editors present, (comprising a goodly portion of those in the state,) ever ready to forward the great work of extending pure republican principles, held a convention of their own, immediately on the adoption of the noble issues presented in Col. Tod's admirable letter, and the strong resolutions of the Convention, to give additional impulse to the eanvass. This Editorial Convention appointed a committee of publieation, to eolleet faets in relation to paper money, chartered monopolies, &e. This eommittee, in pursuanee of their duties, among other things, instrueted their Chairman to send a eircular to prominent and leading men of the demoeratic party, in all parts of the Union, to aseertain the sentiments of demoeratic statesmen, who had thought long and honestly on the subjeet, and to eoneentrate those opinions in a form for circulation, to show (if sueh were the fact) that the demoeraey of Ohio were not an isolated braneh of the party, fighting on a local or distinct issue; but only avowing with their aeeustomed boldness, truths, eternal. immutable, and of wide spread popularity among the best thinkers of the Union.

A number of letters have been reeeived in reply, and a great many more are promised at an early period, whieh will be duly laid before the publie. Tho idea that this is a local quession, pertaining to the Ohio demoeraey, will be seen at once to be erroneous. The democracy of Ohio have planted themselves on great, leading and fundamental principles—preservative of man's freedom and equality, in all latitudes and all lougitudes. To these, they will adhere with that boldness, sineerity, and vigilance, whieh are their charaeteristies—looking neither to tho right nor to the left—following neither doubtful leaders nor dubious prineiples.

We present in this number of the "Faets for the People," several most admirable letters, whieh will produeo a powerful effect on the public mind, and rejoice the hearts of thousands. We eall the very especial attention of the people of Ohio, to the excellent letter of Governor Ford, of Illinois. It tells volumes of truth. The banks of Ohio were established under the whig pretext of furnishiug a *home currency*. To do so, they eollected what specie they could lay their hands on, as a basis upon which to issuo paper; but instead of issuing their paper in tho state, and *at home*, to supply the vacaucy oceasioned by the withdrawal of gold aud silver, they send it off to other states, and thus leave Ohio literally without any curreney at all. Henee, the universal ery in our state, that times never were so tight—money never so searce. The demoeraey of Ohio bave determined to lay bare these tricks by wbich the state is barassed, and the people almost driven to despair. By the iniquitous whig bank bill, the people of Ohio are deprived of any currency at all; and Illi-

nois, and other western states, are cursed with a foreign currency of shin-plasters, debasing the standard of value, and harassing her citizens for the want of a legal tender to pay their debts. But let the people of Illinois be firm in their adherence to sound doctrines. They shall not always be cursed by the false doctrines of Ohio whiggery. The people of Ohio are intelligent and virtuous; and, as impracticable as it may be supposed to be, for her democracy to carry through the great issues of freedom and truth which they have avowed, in consequence of the opposing power of her new batch of banks, yet, that they will do it, is the firm belief of the best informed in the state.

The letters, also, of Governor BROWN, of Mississippi; of Governor DREW, of Arkansas, and of Senators TURNEY, of Tennessee, and CAMERON, of Pennsylvania, are worthy of the brightest days of republican freedom, and entitle their authors to the everlasting gratitude of the democracy of Ohio, and the lovers of truth and a virtuous government, every where. In the previous numbers of this irregular little work, the letters of Washington and Jackson, on the same subject, have been given, as well as the sentiments of Mr Jefferson and others.

In the next number will be published an excellent letter from Com. CHARLES STEWART, the "Old Ironsides" of the ocean, and those of several others, (if received, according to promise,) scarcely less distinguished for honors and for patriotism.

LETTER FROM THE GOVERNOR OF ILLINOIS.

EXECUTIVE DEPARTMENT,
SPRINGFIED, ILLINOIS, Feb. 16, 1846.

SIR:—I have the honor to acknowledge the receipt of your esteemed favor of the 29th ultimo, covering a series of resolutions of the late democratic convention of the State of Ohio, against banking and chartered monopolies; and in favor of a specie currency.

As chairman of the democratic corresponding committee, of the State of Ohio, you request my opinion on these subjects; and you are pleased to suppose that my opinions may have weight with your fellow citizens. I cannot flatter myself that any opinion of mine, would have, or could have, any influence, in the great State of Ohio, where I am a total stranger. If it should be thought, however, that, from the position which I occupy, as governor of a state that has rid itself of Banks during my administration, my opinions may have any—the least influence in Ohio, they are readily and cheerfully given; and I regret, only, that the press of official duty will not permit me, on this occasion, to state all the reasons upon which those opinions are founded.

We, in the State of Illinois, are free from the evils of banking. Our people have put down banking at home; but we are afflicted with the circulation of bank rags from abroad. And no State has afflicted us more, in this way, than the State of Ohio. The banks, under your new system, have flooded the whole west with their trashy one, two, and three dollar notes. Gold and Silver were plentiful, until within a few months past. The banks of Ohio, in the mean time, have put out

their shin-plasters; and it is now exceedingly difficult to get change, except in small notes. It is made quite an argument here, in favor of banking at home, that we cannot control the legislation of other states. That other states will have banks, and that we must and will take their paper. But if your democracy is as true and genuine as ours, you will sweep them all by the board. Other states will follow the glorious example of Illinois and Ohio, and thus, this main pillar of the ragocracy will fall, even as the temple of Dagon.

Our banks in Illinois never did any good for the people, even in their palmiest days. Nor am I aware that any person made any money out of them, except such as were in the secret, about the time they were going to break. During their existence, they inflated and deranged the currency and exchanges; banished gold and silver; created high prices at home, and thereby prevented the profitable exportation of our produce abroad. They demoralised the community, by creating a general desire for sudden affluence. They promoted idleness and speculation; and discouraged industry and enterprise. In a word, they promoted a general desire among men, to "live by their wits;" and were the cause of many of them failing, "for want of stock." We were never so prosperous in Illinois, as we have been since the banks were dead; until we were overrun by the rag issues of Indiana and Ohio.

I have not observed that the honest, laboring, industrious people need banks. Those who do want them, are generally those who are cunning and sagacious in business; men who seek to live by their "smartness." Such are the men, generally, who own and control banks; and, of course, they will control them to their own advantage, and to the advantage of their class, with whom, it is natural, they should sympathise most. By a man who seeks to live by his wits, I mean one who does nothing physically; one who adds nothing to the knowledge or the production of the country; but who works "head work," and by that means, comes to the possession and enjoyment of the fruits of other men's labor.

If it were possible for a bank to be honest, and safe for the community at large, the circulation of bank notes of denominations of from $20 to $50, might be convenient for merchants. But it is a thing unheard-of, except in one instance, that a bank has been restricted to the issue of large notes, in the first instance, that it did not finally succeed in getting the privilege of issuing small ones. Indeed, one great objection to banks is, that when once created, they are too strong for the people, and for their legislatures. A bank can never be brought to judgment for delinquency. It is too powerful an offender, to submit to punishment. And every attempt of the kind, has but verified the old Athenian definition of law; which is, that law is a cob-web, to catch small flies; but that the big ones all get through it.

No such powerful associations ought to exist under a republican government. The principle of our government is, that all will voluntarily submit to the laws, except abandoned rogues. These can be coerced, by the ordinary forms of our courts. But associated wealth

may, and does, trample the laws under foot with impunity. A bank charter is a most excellent device to enable the moral, the orderly, and, in some instances, the members of churches, to swindle, without incurring the odium of being branded as rogues.

It has always appeared to me, that a people may choose what kind of a currency they will have. If they prefer paper, they will have it; and specie will be banished. If they prefer specie, they can have it; and bank notes will be banished. Every country, in the long run, is obliged to be supplied with its due proportion of money, as compared with other countries. There is just so much money in the world, to be divided out, amongst all mankind, in proportion to their exchangeable cash commodities in market. Money is like water. It will find its equilibrium, and unite itself to property all over the world. We may come into the general division, if we choose, and take all in paper; or we may take part in paper, and part in specie; or we may take our share all in specie, and put off the bank rags upon the unwise of other nations.

If it were not for the banks and bank issues making money unnaturally abundant, and thus creating exorbitant prices, we would never hear of a want of protection to our manufactures. Give us a specie currency, and our manufacturers will undersell the world in the world's markets, both at home and abroad. Give us a specie currency, and our western farmers will need no abrogation of the corn laws in England. In despite of the corn laws, they will accumulate their piles, stacks, and cords of pork, beef, and grain, upon the shores of Europe, until the agriculturists there will be overwhelmed.

But the main argument against a specie currency is, that paper is the most convenient; that specie is heavy and inconvenient to carry. I do not know that I am qualified to answer this argument. I have never found any difficulty in carrying all the money I ever had at one time, when put into gold. And I do declare, that I would like, for one, to know how it would feel, to have more gold than I could carry. There are but few such lucky fellows; and I do not think that the currency of the country should be annually convulsed, and rendered hazardous, *all* the time, for their convenience.

You are about to have a great contest in Ohio, the progress of which will convulse the State; the parties there, are to survive or perish with the banks. The issue, on your part, is no banks; and a specie currency. Your Ohio banks are acting so badly, in issuing and circulating shinplaster notes, that I heartily wish you success. I do not wish to interfere in the domestic policy of a sister state; but the course of Ohio is afflicting this state, and the whole west. If your banks will not overrun us with small notes, we will let them alone. Let them keep their rags at home, instead of lending them to produce speculators, to be put into circulation all over the country. At this moment, the Ohio banks are a curse to the whole west. Some of our merchants in this city, will make and win a bet, any day of the week, except Sunday, that they have received notes on thirty different banks in the course of the day. One bet of this kind has been won, upon forty. Thus it is all over the country.

But, my dear sir, I very much doubt the issue of the present contest in your State. The banks have but too lately come into power. They yet have money to lend, and favors to grant. In a little while, they will have lent all their means, and will begin to collect. Then will come the day of retribution. In the meantime, golden opinions will be theirs. A goodly portion of the democracy, I fear, will be wheedled and cajoled into their support. In our state, there are some of the democracy, who were very tender-footed whilst the banks had power. But now that they are dead, they are ready to kick and tomahawk the dead lions. I know some who absolutely belonged to the banks; and for whom the banks could have maintained an action of trover, or replevin, in any court of justice during the days of bank power, who are now the fiercest in their denunciations. And when we were about to provide for winding up the dead monsters, by a prudent system, which secured the State stock, these gentlemen, to show their utter aversion to all banks, would be satisfied with nothing short of right-out bank slaughter, by tomahawk and scalping-knife, in total disregard of all the public interests at stake. Thank God, there were but few such patriots. Nor can I believe there are many in Ohio. But such as there are, I fear will be found on the side of the banks as long as they have power; and will thus aid the defeat of the democracy in the coming contest. You will, however, be sure of them when the banks break; and they will even be better democrats than the old veterans. Let such be marked now. Now is the time to mark every bank slave.

I have the honor to be, very respectfully,
Your obedient servant,

THOMAS FORD.

To S. MEDARY, Esqr.,
Chairman Ohio Democratic Corresponding Committee.

LETTER FROM THE GOVERNOR OF MISSISSIPPI.

JACKSON, MISSISSIPPI, Feb. 7, 1846.

S. MEDARY, ESQ.—*Dear Sir:* I am honored by the receipt of yours of the 29th ult., covering resolutions passed by a Convention of the Democracy of Ohio. The resolutions pledging, as they do, my political brethren in the empire State of the west, to the correct doctrine of hostility to chartered privileges, and a speedy return to the currency of the constitution, meet my hearty approbation.

All banking corporations are conceived in fraud, and are brought forth in derogation of that principle of political equality, which is the boast of every true democrat. Suppose there to be ten individuals in the city of Columbus, having each *ten thousand dollars*, which they are desirous of loaning at interest. Nine of these apply for a charter, which the legislature grants; stipulating that the company may loan THREE DOLLARS for each one paid in. They pay in 90,000 dol-

lars, and immediately proceed to loan two hundred and seventy thousand dollars; thus they get interest three times over on their money. The other one loans his money at interest, and gets nothing but single interest; perhaps he loans it to the other nine at six per cent.; they put it in bank, and loan out three for one, at six per cent., and thus get 18 per cent. This is legitimate banking, and it is legalized swindling. But they do not stop here; they frequently loan, five, six, ten and even twenty for one; for every dollar loaned, they demand the interest just as if they had a specie dollar to redeem it, if the paper were presented. Nor is this all; the success of the company at Columbus, will excite emulation at Zanesville; ten citizens there have each ten thousand dollars which they wish to loan, at least they have the notes of the Columbus Bank, *and that's as good as specie.* They apply for and get a charter, with like limitations and restrictions; the stock is subscribed, and the notes of the Columbus Bank presented for payment to enable them to pay the stock; the cash is drawn and paid in. The Zanesville Bank is put under way. The people have confidence. It would be next to treason not to have *confidence.* Presently the specie is all, or nearly all, taken back to Columbus; mean time, the Zanesville Bank has issued, or is issuing, her three for one, on this same specie. Money is plenty, and every body has *confidence,*—why shouldn't they have—the bank pays all demands on it? Things are prosperous; the planter's ground, which was only worth ten dollars the acre, last year, is worth $15 now, and other things in proportion. Things move on very smoothly; the banks operate to a charm; blessings like these ought to be multiplied; another bank is started at Dayton, and this same specie is made to perform its part, and again three to one is loaned. By this time things look *very* prosperous, the farmer's land is up to 20 dollars the acre. A confiding people have *unshaken* confidence, the bank still pays, and the officers strut and swell and swear, "We can cash every dollar WE have out; present it, we want to pay." Good easy people look on in mute admiration—and stick to it that the officers' word *is as good as the bank.* With so much evidence of prosperity all around, property rising in value, speculations going on, fortunes being made in a twinkling—the farmer is drawn from his plough, the mechanic from his shop, the lawyer from his books, all must *take a chance* in the wide field of speculation. A sells to B, and B to C, and C again to A, and all make money; *to be sure, no one can tell how, but still it is done.* Money easy made, is easy spent. A made five thousand in a single week, B six, and C a little more. Rich men must live like rich men; these paper fortunes are made the foundation for extravagant living. Houses and furniture, horses and carriages, fine clothes, jewels, laces, silks, and velvets, must be had, because the gentlemen have made fortunes, are rich in fact, and must live rich; mean time, the banks expand their issues—nine tenths of the *real* people are quietly at home, attending to their business; their greatest fault is that they have *too much confidence*; anon some one, more cunning than the rest, sees through this their veil of imaginary prosperty; sees that, these "*good, sound, solvent, well regulated State*

Banks," are, in fact, *insolvent*. With paper in hand, he presents himself at the counter, and demands *the specie*. Such a fluttering, *good Lord!* The teller looks amazed, the cashier asks him to call again. the president is sent for, the note holder is importunate, *the bubble has expanded to its utmost tension, and is about to burst!* The money is paid, but with such ill grace as to *impair confidence*. The thing is whispered around, the people get alarmed, notes are presented, the bank still pays, but *confidence is shaken*, the bank totters and falls—the bubble bursts, and where does the ruin fall? On the farmer who remained at his plough, the shoemaker at his last, the blacksmith at his anvil; poor men, their money has turned to dry leaves, and they are left to curse *the confidence* which induced them to take it.

These may be called the abuses of the banking system. Very well. they are abuses which are always practised, and without which, to a greater or less extent, banking would be abandoned as unprofitable. It is useless to talk of preventing these abuses by legislative restrictions. So long as our courts adhere to the notion of vested rights in a banking corporation—you had as well talk of chaining a shadow, or bottling a sunbeam, as to talk of restraining a bank with laws.

Paper money has a tendency to throw industry from the producing. into the consuming class. From the foundation of the world, man has struggled in vain to avoid the sentence pronounced upon his disobedience that "by the sweat of his brow should he eat bread." Banks are among the ingenious contrivances resorted to by him to avoid this sentence of his Creator, and it is but doing the invention justice to say, that it has been in a high degree successful. Not only the immediate drones who hang around the bank, as cashiers, tellers, clerks, messengers. porters, &c., &c., but innumerable flocks of unfledged bipeds are sustained in splendid poverty about all our cities, towns and villages. These people must eat, drink, and wear clothes, and some body must produce what they consume. The farmer, whose labor is not increased in value by paper money, is charged with the sustenance of these fellows—and is flattered into being thus ingeniously fleeced, by being told that the abundance of money has greatly increased the value of his land, as if the land were any more *productive* at twenty dollars the acre, than it was at ten dollars.

What is the intrinsic worth of a *bank bill?* Emphatically nothing. It is not money; three to one, it is not the representative of money. When a bank with one hundred thousand dollars in specie, has loaned one hundred thousand dollars in paper, it has loaned all the *money* which it has—all after that is trash, a vile cheat. Is a bank bill the representative of money, when there is nothing solid in the vaults of the bank? No, it is a mere shadow—a baseless fabric, resting on and being supported by public confidence; alarm that, and the whole tumbles into ruins. Ah, but, says the banker, we have our *bills receivable*, they constitute our capital. Indeed, then I borrow a thousand dollars in notes from the bank, and leave my own note, as its representative, and pay six per cent. for the exchange, or, in plain English, I put the bank in credit by depositing my own note, and then pay six per cent. for the privilege of borrowing it back again—THIS IS BANKING!

It is a principle of trade, familiar to us all, that the price of property is regulated by the quantity of money in the country, (by money, we mean that which is used as a circulating medium, whether metal or paper.) If the bank expands its issues, property rises in value, and prices are high. If the bank contracts, property falls in value, and prices go down. Thus, instead of gold and silver constituting the standard of value, the whims, caprices, or corruptions of bank officers regulate the standard. I suppose it need not be asserted, that the honest men who had been purified in the red hot furnace of the revolution, never contemplated any such thing. They believed the laboring man was worthy of his hire, and they made a constitution which they thought would ensure him wages which he could feel in his pocket, and hear its jingle.

I have, in a hurried and exceedingly imperfect manner, thrown together a few thoughts suggested by the resolutions of your convention; my time is too much employed to allow me to elaborate the subject; but I must again express my hearty concurrence in the wise resolutions of the Ohio democracy. You will have trouble in making the masses understand and appreciate the benefits and blessings of a purely metallic currency. In this State, we were, for a time, overthrown on the question; but "fortune favors the brave;" we adhered to our devotion, and have now a pure gold and silver currency. Money is plenty, prices are stable, people are satisfied, loafers are scarce, morality is in the ascendant—scrub aristocracy is defunct, and we are rapidly coming to be what nature intended we should be, a great and a happy people.

Yours, very truly,

A. G. BROWN.

LETTER FROM THE GOVERNOR OF ARKANSAS.

EXECUTIVE OFFICE,
Little Rock, Feb. 14, 1846.

SIR:—In response to your letter of the 29th Jan. last, written at the instance of a committee appointed on the 8th of that month, at a convention held in the city of Columbus, by the democracy of Ohio, I am persuaded I shall be unable to advance one single idea in addition to the accumulated mass of information, which I suppose it is your purpose to invite from the distinguished of our party in every state.

But the subject of currency is so intimately interwoven with all our relations, both public and private, that I have contemplated the subject in reference to 'the greatest amount of blessings to the greatest number of my fellows,' and am free to say, so far as my experience and reflection go, that, viewed in all its phases, the *banking system*, whether under authority from the General Government, or a single state, is one of more demoralizing and corrupting influences on the

wealthy and influential, and of uncertainty, oppression, and ruin to the masses, than any other in the catalogue of monopolies. And, waiving the constitutionality of establishing such institutions, either by state or nation, (debateable in the one instanee as in the other,) I meet the question upon the broad principles of equal justice,—terms which, if applied to such institutions, are truly inapplicable; but for their trial, condemnation, and total annihilation, by exposing to the public gaze the secret operations of a Bank of Diseount—a monopoly of legal rights and exemptions extended to a few eapitalists, that they may hoard their money and issue their credit, by loaning to solvent men upon suffieient security, bank paper, purporting to be redeemable in gold and silver when presented at the counter, but with the distinet understanding that it shall circulate before payment is demanded. This 'promise to pay' bears no interest; but the note given in lieu of it, however well secured, not only bears interest, but pays that interest in advance, in the shape of diseount which, by 'bank usage' of computing interest, is made eompound. The exelusive privileges embrace that of issuing three paper dollars of 'promise' to one of actual ability, whieh is predieated upon a sound state of the eurreney, generally, when the very act of sueh issues deranges the equilibrium, and renders the operation less safe. Thus, by an aeeumulation of banks and their issues, entirely destroying publie confidence, causinga general explosion, and consequent depreciation of such cireulation.

During the mania of discounts, the 'knowing ones' use their credit and that of their friends, to enable them to acquire the most stable and produetive property—property the least liable to fluctuation, and to dispose of sueh as, from the spirit of the times, has been inflated by the easy aequisition of money. Then, by parting with the valuable and safe property for sound funds, and a ready conversion of them into depreciated paper,—say 50 per cent. below par,—the fortunate few—the stock-jobbers, and strikers of bank officers—make immense fortunes. And who suffer? all classes: the agriculturist, the merchant, (sometimes;) the meehanic, the day laborer, and all the producing class of the people. And to the extent that a few are largely gainers, so, to the same extent, are the great body of the people losers, without the least shadow of corresponding benefit therefrom.

The great Creator gave us for a medium, the preeious metals, depositing them in the bowels of the earth in such abundance, only, as to afford the requisite amount to measure the relative value of all we buy and sell. To enlarge the amount of that medium threefold, is but to inflate, by a fictitious representation, the real worth of property to a threefold nominal value; whieh the slightest circumstanee—the mere dust in the balance—preponderating on the side of dishonesty of a single individual, holding high rank in one of those institutions, or a wrong estimate made by an honest man, is sufficient to blast the credit of the soundest bank that ever existed. The disaster of one bank falls heavily upon all in its vicinity; and thus, the tide of banking prosperity is forever upon the ebb and flow, affording all the ad-

vantages of the circumstance to the wary and dishonest, and taxing, indirectly, the only valuable portion of society.

This brings me to the conclusion to which your committee have so happily arrived: 'that all chartered privileges are destructive of equality, and hostile to free institutions;' and while commending the democracy of Ohio for their patriotism and singleness of purpose, in the bold stand they have taken in the cause of *human liberty*, permit me also to tender, through you, my high respect and admiration.

Banks are said to be the hand-maidens of credit; and if credit, in its broadest sense, were a blessing when properly dispensed, dishonest and incompetent hand-maidens would be a serious draw-backupon the good results. Viewed in every sense, banks are a curse. They injure those who manage them; those who participate in the accommodations, and those who refuse; individuals are injured, states are injured; our people, in mass, are the crippled victims of an imaginary speculation. Our young, but once prosperous state, under the banking system provided for in her constitution, has been reduced to the very brink of ruin; her collection laws, in some districts, rendered inoperative; the moral obligation to pay just debts, has been weakened; and I am admonished by a thousand evils growing up every day under it. May an all-wise Providence avert worse consequences which may arise from the mistaken policy of establishing banks in Arkansas. May He guide and direct the democracy of Ohio, 'to choose the better part,' of honest, domestic policy; and inspire her statesmen with confidence in the sufficiency of gold and silver, to buy all they make, and to pay for all they may have to buy; and to feel the necessity of winding up and terminating the new, as well as the old, manufactories of paper currency in your state. In after ages, the praises of unborn millions, upon reading the history of the first half of the 19th century, will mark the efficiency of truth and common honesty, and bestow one meed of praise upon that party which, guided by a spirit of justice and equality, shall have accomplished so much for future generations.

In conclusion, I will pledge you the co-operation of the democracy of Arkansas, in the good cause so nobly commenced by the democratic convention of your state, upon that auspicious day—the 8th of January—together with my own feeble exertions to serve both them and yourself. With the highest respect,

I am, very truly, yours,

THOMAS S. DREW.

Col. S. Medary,
Chr. Com. Dem. Convention, Ohio.

LETTER FROM SENATOR TURNEY, OF TENNESSEE.

Washington City, February 10, 1846.

Sir:—Your communication of the 28th of January last, enclosing the resolutions adopted by the Democratic State Convention of Ohio,

on the 8th of January, in relation to a paper currency, and chartered special privileges, and requesting my opinions and views in reference to the principles therein contained, is now before me; and in answer to your inquiry, I have no hesitation in saying, that, if the creation of banking incorporations with power to issue paper promises as a currency, were now a new question for the people to determine in their sovereign capacity, or through representatives chosen for that purpose, I have no doubt that the whole democracy of the Union, and a large portion of the thinking men of all parties, would concur in the opinion which I hold to be the sound one on this subject: that the state legislatures have no power, directly or indirectly, to create or authorize issues of paper currencies by their own act, or through the medium of banking incorporations.

I need not inquire as to the power of Congress, under the constitution, to establish such an incorporation, as that question has been so definitely settled by the people of this country, as to be considered no longer an open question, or a measure upon which any party will be likely to venture, at least so long as the people are true to themselves in the choice of their representatives, with regard to this now acknowledged '*obsolete idea.*'

But in regard to State Banks of issue, how stands the Constitution of the United States, and what is its fair and honest interpretation? By the 10th section of the 1st article, it is declared as one of the express powers granted by the states to Congress, and, therefore, not reserved to be used by a state; that 'no state shall coin money, emit bills of credit, or make any thing but gold and silver coin, a tender in payment of debt.'

Now, what are bank bills issued by incorporated state banks? It cannot be contended that they are money, for they are only promises to pay money; and if they are *money*, then clearly it would be as much a violation of the Constitution for a state to make them, or authorize them to be made, as to make or authorize others to make gold or silver coin.

Neither are they a legal currency in payment of debts, because the states can make nothing a tender in payment of debts, but gold and silver coin.

A bank bill, then, or any paper promise issued by authority of a legislature as a currency, must be a *bill of credit*, which a state is expressly prohibited from emitting. And it is only the fact that the states have emitted this species of bills of credit so long, in violation of the Constitution, that can for a moment make it a question.

But it may be said, that the states do not emit those bank bills of credit, because it is done by the corporations the legislature creates, and that not on the credit of the state, but of the corporations.

The answer to this is, that such a course is less honest towards the citizens of a state, and others who are obliged in trade to take these bills as money which the state authorizes their corporations to issue, and then leaves the holders to suffer the loss if the banks fail, than it would be if the state should directly issue the bills and redeem them

itself. If a state makes paper money an equivalent for money, it ought, in common fair dealing, to make it as good as money in all cases to him who takes it as money, and parts with his property or labor for it.

But a further answer is, that it is an evasive violation of the spirit of the Constitution, if not of its letter, for a state to undertake to do through these banking corporations what it has no power to do itself. Will it be pretended that a state can confer on a corporation—the creature of the state—greater powers than the state itself possesses? This would truly make the creature greater than the creator, which is absurd.

Those who maintain the doctrine here denied, in order to evade the Constitution, must contend for this absurdity. They admit that a state cannot emit bills of credit, and if it directly issued bank bills itself, it would be a manifest violation of the Constitution. But a legislature that creates a corporation can, by law, define its powers, duties, and privileges. Therefore, a state, having no power to emit a single bill of credit, but desiring to exercise that power, in order to enable her to do so, incorporates a bank, and by its charter empowers it to emit bills of credit in its own name.

Now, if this can be constitutionally done, it matters not what practice, or the decisions of courts may have been, the conclusion is plain, that the prohibition referred to in the Constitution, is become a dead letter; and the object of its illustrious framers, who were 'hard money men,' is thus evaded and entirely defeated, and the door is thrown open to 'paper money,' just as wide as it was when the U. S. Government was changed from the Confederation to the Constitution, mainly to close that door to ruin.

But, sir, aside from this plain view of the constitutional prohibition, I am opposed to all banking incorporations of issue, as being anti-republican in their tendency, hostile to equal rights and privileges, and destructive of the safe, permanent interests, the happiness and sound prosperity of our people.

They never afford substantial relief to an oppressed or distressed community. On the contrary, they are the most powerless when their aid is most wanted; and they contribute more by their fluctuations, their expansions and contractions, to unsettle the value of property, and involve men in debt, and embarrass and oppress the people, than they ever have, or ever can do, to confer benefits that are lasting upon themselves or the community.

In prosperity, when money is least wanted, they make it most plentiful. Credit expands beyond means, property rises beyond its fair value, and every body runs in debt at the highest possible prices. The bubble bursts—a reverse comes—debtors who could get all the credit they wanted to buy with, can get nothing to pay with; down goes property; bank bills, instead of being the dollar they went for when they used to buy with, are ten, twenty, and fifty per cent. less to pay with; and between a depreciated currency and depreciated

property, both the ereditor and the debtor, the seller and the buyer, are involved in a common ruin.

At the bottom of this ruin, the banks are always found, and their influence is by far most pernicious in substantially agrieultural communities. This will be seen by tracing their operation in the distresses that have often oecurred, and will continue, periodically, to oecur, as long as the presemt system exists. When the country is free from debt, and every man who is industriously engaged in his present avocation, is prosperous, and aecumulating—if by slow, by *sure* means—a competenee to support him in the evening of life, and when he needs no expanded credit from banks, to induce him to venture beyond his means or ability, in grasping for wealth, at this crisis the bank, flushed with paper money, and no eall for speeie to redeem its bills, pushes its loans upon the citizen, seduces him from his aceustomed pursuits, allures him with the hope of acquiring hidden wealth without labor, into wild and reckless speculations; and just when he is most pressed for want of new loans to pay old ones, leaves him, not only ruined himself, but the ease of embarrassment and ruin to his friends and neighbors who became his endorsers.

But the speculator and the over-trader are not the only sufferers. They make others suffer. Induced by the faeility of getting money of the banks in easy times, the merchant and trader extend themselves on borrowed eapital beyond their means, and beyond the wants and ability of the community; and as prices always rise when bank paper is plenty, and fall as it eontracts, the eonsumer not only pays the highest prices for his goods, but he also pays the bank interest to the trader on borrowed eapital.

Thus, the hard-working man who means to live within his means, is compelled to buy at the highest priees when the banks make money plentiful; and the moment they make it scarce, he finds the dollar he earns, paying not more than two-thirds or three-quarters of the dollar he owes.

Again, the depreciation of bank bills, and the loss by failures of banks, fall most heavily on the laboring community. When money is plenty and credit expanded, the banks throw into circulation all the bills they can issue, and drive the specie out of the pockets of the people. Their paper every where becomes a substitute for money. Paper money is plentiful and eheap, and property, increased by this false standard, rises exorbitantly high. Pursuing this course of artificial prosperity for a few years, the people become greatly indebted, and when the erisis eomes, the paper is foreed home upon the bank, and it turns out to be nothing but paper. There is no gold or silver, or not one dollar to thirty, to redeem the paper promises; suspension follows; and down go the depreciated bills. And in whose hands are these bills? Not of the borrower and speculator, who got them from the bank on false eredit, but in the hands of the farmer, the meehanie, the honest unsuspeeting laboring community, who received them from the borrower, at par value, for their produee, their

work, and their toil. Such men are least able to retain the bills till something may be got for them. In their necessity or alarm, lest they lose the whole, they sell their notes to the nearest broker; to the speculator who borrowed them from the bank, or, perhaps, the bank directors and agents themselves, at ten, twenty, and fifty per cent. discount; and thus, while the poor bill-holder loses this discount upon his moderate earnings, the rich borrower makes that amount in clear profit, by taking up his notes at par with the money he bought at discount.

When this crisis arises, in pecuniary affairs, how are the debts of a community, between man and man, to be paid? The gold and silver coin has been driven out of the country by the bank bills, which pretend to represent it, being so much below specie in value. The debtor who has property abundant to pay his debts in good times, can find nothing to pay with. The banks are down, and cannot loan him even their depreciated bills; and if he could borrow them, he would be still worse off, because he must take a depreciated paper dollar of the bank, for which, when his note comes due, he must pay a full dollar back, with interest; and with this depreciated paper, he pays his debts at the rate of three for two, or two for one, as the discount may happen to be. If he sells his property instead of his credit, to get the means of payment, the property which he bought high upon bank expansion, is now down to almost nothing, under bank suspension; and even at that price, he gets only depreciated bank bills for it; and thus, he burns out his candle at both ends, and is irretrievably a ruined man.

This is the more likely to follow, from the fact that these bank facilities, as they are called, always induce men, in times of expansion, to run in debt beyond their ability to pay.

It is not only so with the supposed rich, but the man of moderate means: the farmer, mechanic, or laborer, when he gets money easy, and a high price for every thing, runs in debt for himself and family, thinking he will always get money as easily as he does then. His wife and daughters persuade him that he can afford more; and thus extravagance creeps into many a worthy family, where there had been nothing but thrift and frugality before.

A revulsion in the operations of this banking system, always comes when the indebtedness of the people gets to the highest point. The banks cannot then loan even their depreciated paper; and they commence curtailing and collecting their debts, thus constantly diminishing the quantity of circulating medium; and in this way, when money is the hardest to be got, and property the lowest to get it with, the people are pressed to pay debts contracted when money was plenty and property exorbitantly high. Thus situated, the debtor must follow the fashion of the banks, and break; or he must sell his property himself, at half what it cost him, or the sheriff will sell it for him.

These are the plain palpable evils of this system of bank paper money, which every man in the community has either felt himself, or seen all around him. From 1837 to 1842, these bank suspensions,

—either all over the country, or locally,—occurred no less than *five times*, lasting, for some periods, a whole year; thus, averaging nearly an annual suspension, That the same disasters have not been as frequent since that period, is mainly owing to the country getting rid, at last, of that destructive high-pressure paper machine—the United States Bank. But the system, though less combustible, perhaps, is far from being safe.

From the returns collected by the present Secretary of the Treasury, (Mr. Walker,) from seven hundred and seven state banks, we have, for the year 1845, in *immediate* liabilities of the banks, for bills in circulation and deposit, *two hundred and three millions nine hundred and sixty-six thousand dollars;* and of immediate means to pay, but *ninety-two millions six hundred and eighty-seven thousand dollars;* leaving ONE HUNDRED AND ELEVEN MILLIONS TWO HUNDRED AND SEVENTY-NINE THOUSAND DOLLARS, which the banks would be wholly unable to pay, in the event of a money panic, or credit crisis; and thus, instead of the banks trusting the people, the people are trusting the banks to that amount. In this respect, we are worse off now, than in any year since 1841, or since the resumption of specie payments, universally, in 1842.

The same returns made to the Secretary of the Treasury show, that this excess of immediate liabilities over means, was, in 1841, one hundred and three millions five hundred and thirty-nine thousand. In 1842, ninety millions two hundred and sixty-six thousand. In 1843, sixty-two millions one hundred and twenty-one thousand; and in 1844, eighty-seven millions six hundred and fifty-six thousand dollars.

The tendency of all this, taken with the expansion of the banks, which is now over two hundred and eighty millions, should, I think, begin to open the eyes of the people, and satisfy them that your resolutions are well-timed.

I will only say a word more upon the cost of all this paper machinery to the people. The returns I have referred to, show that the banks have out at loan, two hundred and eighty-eight millions six hundred and seventeen thousand one hundred and thirty-one dollars, and they have in specie forty-four million two hundred and forty-one thousand two hundred and forty-two dollars. The specie funds, which are about six millions and a half, are probably not very reliable. Here is less than *one to six;* so that the banks are receiving from the people, SIX TIMES more interest on every dollar that they let out, than men receive for their money who do not enjoy banking privileges! The banks, in fact, are receiving an interest on about two hundred and forty-four millions of dollars, for which they pay no interest, and which exists in no form of property, but stamped bank paper. Thus, to support these banks, the people pay, annually, *fourteen millions six hundred and forty thousand dollars*, in interest, for which the banks give them nothing but paper credit, and this, too, subject to the fluctuations and losses above described. To show, at a glance, what these losses are, I have before me a report of the Secretary of the Treasury, (Feb. 12th, 1841,) made to the U. S. Senate, in

which (page 14) is a statement of the losses to the people, since 1789, through banks and the use of bank paper; and the aggregate of this loss, by bank failures, suspensions, notes destroyed, counterfeits, and sacrifices of property by fluctuations in currency, is computed at *three hundred and sixty-five millions four hundred and fifty-one thousand dollars!*

So long as the people continue this system, so long, in my judgment, they will continue to be taxed by it more severely than by all the other modes of taxation to which they are subjected, by state or nation. It is a system of false credit, too unfounded in its basis—too dangerous and delusive—and in the end, ruinous, by always exacting more than it gives. The wholesome and solid credit, between man and man, founded on means, integrity, and fair enterprize, would, in my opinion, produce, in the end, more substantial, individual and material wealth, develope more safely and surely, the resources of this great country; and be, in all respects, more congenial to the habits of our people—to the equal and general distribution of property—to the advancement of democratic institutions, and to the prosperity and happiness of our common country.

I have the honor to be, with high respect,
Your ob't. serv't. HOPKINS L. TURNEY.

LETTER FROM SENATOR CAMERON OF PENNSYLVANIA.

WASHINGTON CITY, D. C., Feb. 6, 1846.

SIR:—I have the honor to acknowledge the receipt of your letter, from Columbus, of the 27th ult., containing the resolutions of the Convention, held in Columbus on the 8th of January.

On behalf of the committee, you request my 'views upon the evils of a paper currency, and the superior advantages of gold and silver—the constitutional currency.'

The American people have, by this time, suffered enough from the pernicious and demoralizing influence of a paper currency, and I could add but little to the common stock of knowledge, were I to enter into a detailed account of the practical workings of the system, and the inevitable evils that grow out of it. It has always been my opinion, that the whole system of incorporated banking, whether for the United States, or for the states themselves, was an unfortunate departure from the letter and spirit of our Constitution.

It now remains with the people to restore the circulation provided by the Constitution, and to abolish a currency which is never a just standard, and oftentimes of no value.

It is interwoven with every transaction of the community. No man, however humble, but that he is daily exposed to its unequal exactions. The property of the wealthy, and the labor of the poor, are subject to its influence, and entangled in its meshes.

I am, sir, with respect,
SIMON CAMERON.

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